

## Message Text

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INFO OCT-01 EUR-12 ISO-00 /020 R

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DRAFTED BY EB:NLPAZDRAL:DA

APPROVED BY EB:JLKATZ, ACTING

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

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FOR ASSISTANT SECRETARY ENDERS

FOLLOWING SENT SECSTATE WASHDC INFO LONDON BEIRUT FROM DAMASCUS

19 MAR 75:

QUOTE LIMITED OFFICIAL USE DAMASCUS 1046

DEPT PASS EXPORT-IMPORT BANK AND COMMERCE

E.O. 11652: N/A

TAGS: BEXP, BTIO, SY

SUBJ: SYRIA -- VEHICLE ASSEMBLY PLANT AND CHRYSLER NEED FOR  
EXPORT-IMPORT BANK ASSISTANCE

1. SUMMARY: CHRYSLER REP INFORMS US HIS FIRM HAS GOOD  
CHANCE TO WIN VEHICLE ASSEMBLY PLANT CONTRACT IN SYRIA.  
WOULD BE FIRST AMERICAN JOINT VENTURE IN SYRIA SINCE 1967  
AND BEFORE AND SHOULD BE KEY ICE-BREAKER FOR FUTURE SUCH  
VENTURES WHICH SYRIANS VERY KEEN ON ATTRACTING. CHRYSLER  
WILL BE IN CONTACT WITH EX-IM SOON RE POSSIBLE EX-IM  
ASSITANCE, WHICH IF NOT AVAILABLE MAY FORCE CHRYSLER TO  
JAPANESE COURCES RESULTING IN BALANCE-OF-PAYMENTS LOSS FOR  
US. REQUEST THAT EX-IM GIVE CHRYSLER, WHICH WELL AWARE OF  
EX-IM CLAIM ISSUE, SYMPATHETIC HEARING AND THAT DEPT AND  
EX-IM WILL KEEP US FULLY INFORMED. END SUMMARY.

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2. THOMAS S. HABIB, DIRECTOR, CONTRACT ADMINISTRATION, CHRYSLER INTERNATIONAL S.A., BOWATER HOUSE, KNIGHTSBRIDGE, LONDON, SW1X 7LH, TEL. 01-584 7000, CALLED ON EMBASSY MARCH 17 TO BRING US UP TO DATE ON CHRYSLER EFFORTS TO WIN CONTRACT FOR VEHICLE ASSEMBLY PLANT IN SYRIA. THERE IS VERY ACTIVE COMPETITION FOR THIS CONTRACT AMONG AMERICAN, FRENCH, ITALIAN, BRITISH, GERMAN AND JAPANESE FIRMS. CHRYSLER HAS BEEN WORKING WITH SYRIANS FOR OVER ONE YEAR IN DEVELOPING PROPOSAL FOR FULL RANGE OF VEHICLES -- FROM SIMCA 1100 THROUGH DART-CORONET UP TO LARGE TRUCK LINES. INITIAL EQUIPMENT AND TECHNICAL/MANAGERIAL ASSISTANCE WORTH OVER \$4 MILLION, SALES FROM US ESTIMATED AT BETWEEN \$6 TO \$10 MILLION DURING ASSEMBLY PLANT CONSTRUCTION PHASE AND THEREAFTER. AS HABIB EMPHASIZES, BASED ON CHRYSLER EXPERIENCE AROUND THE WORLD, THIS ONLY TIP OF COMMERCIAL ICEBERG GIVEN USUAL FOLLOW-ON PROJECTS TO SUPPORT LINES, AND EXPERIENCE AND THEREFORE ENTRANCE INTO SYRIAN MARKET OF OTHER AMERICAN FIRMS THAT WOULD BE INVOLVED IN PLANT CONSTRUCTION AND INDUSTRIAL SPINOFFS.

3. FOR EUROPEAN ASPECTS OF CHRYSLER OFFER, HABIB SAYS BRITISH EDCG AND FRENCH COFAS EXPORT FINANCING HAS ALREADY BEEN LINED UP. AMERICA PORTION OF INVESTMENT WILL REQUIRE EXPORT-IMPORT BANK ASSISTANCE IF ENTIRE PROJECT TO BE COMPETITIVE WITH OTHER NON-AMERICAN OFFERS. IF EX-IM INVOLVEMENT NOT POSSIBLE, CHRYSLER MAY HAVE TO TURN TO MITSUBISHI IN JAPAN, WITH WHOM CHRYSLER HAS RELATIONSHIP, AND SUPPLY OF EQUIPMENT AND VEHICLES CURRENTLY PLANNED FROM US WOULD HAVE TO COME FROM JAPAN WITH RESULTANT LOSS FOR US BALANCE OF PAYMENTS AND SALES FROM AMERICA AUTOMOTIVE SECTOR. US AUTO INDUSTRY CERTAINLY DOES NOT NEED LOSS OF SALES AND FOR THIS REASON HABIB SAYS CHRYSLER WILL BE CALLING ON EX-IM TO REVIEW CHRYSLER PROPOSAL FOR SYRIAN PROJECT.

4. HABIB FULLY INFORMED OF EMBASSY/SARG DISCUSSIONS CONCERNING OUTSTANDING EX-IM CLAIM AMOUNTING TO ABOUT \$82,000 CURRENTLY. WE ASSURED HABIB IF THIS CLAIM CAN BE SETTLED, WE SEE NO REASON WHY EX-IM SHOULD NOT BE WILLING TO GIVE LIMITED OFFICIAL USE

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SERIOUS CONSIDERATION TO APPROACH BY CHRYSLER. (FYI: HABIB SAID HIS INFORMATION FROM CHRYSLER HEADQUARTERS WAS THAT EX-IM NOT ONLY CLAIM ISSUE TO SETTLE, BUT ALSO THERE WERE "POLITICAL" REASONS FOR EX-IM'S HESITANCY TO CONSIDER FINANCING FOR PROJECTS IN SYRIA. WHILE WE OF COURSE DID NOT COMMIT EX-IM (PER STATE 271395, 11/12/74) WE DID NOTE WE HAD NO SUCH INDICATION AS HE DESCRIBED AND WE ENCOURAGED HIM TO GET CHRYSLER TALKING TO EX-IM

IMMEDIATELY. END FYI)

5. AMERICA EQUIPMENT SALES TO SYRIA HAVE BEEN INCREASING  
DRAMATICALLY SINCE RE-ESTABLISHMENT OF US-SYRIAN RELATIONS:  
BOEING \$105 MILLION; GE LOCOMOTIVES \$18 MILLION,  
CONSTRUCTION AND COMMUNICATIONS EQUIPMENT, COMMODITIES,  
ETC. SYRIAN WORKED VERY CLOSELY WITH US TO SIGN THREE  
AID AGREEMENTS WORTH \$25 MILLION. SYRIANS HAVE  
WARMLY WELCOMED VISITS BY AMERICAN BUSINESSMEN AND TRADE  
MISSIONS. IN SUM, SYRIAN MARKET IS WIDE OPEN FOR SLES OF  
AMERICAN EQUIPMENT AND SERVICES. LEADING AMERICAN BANKS  
HAVE ALL BEEN TO SEE SYRIANS AND HAVE INCREASED LINES OF  
CREDIT TO COMMERCIAL BANK OF SYRIA AND CENTRAL BANK  
(FYI: E.G. FNCB UP FROM \$10 MILLION TO \$90 MILLION.  
END FYI).

6. SYRIAN ACCEPTANCE OF CHRYSLER'S PROPOSAL WOULD MEAN FIRST  
DIRECT AMERICAN COMPANY INVESTMENT IN SYRIA SINCE 1967  
AND BEFORE. SUCH JOINT SYRIAN-AMERICAN VENTURES HAVE BEEN  
VERY HIGH ON SYRIAN ECONOMIC DEVELOPMENT LIST AND WE ARE  
MOST PLEASED CHRYSLER HAS WORKED SO HARD TO OBTAIN THIS  
CONTRACT. TO FORCE CHRYSLER TO TURN TO JAPANESE SOURCES  
IF EX-IM ASSISTANCE NOT AVAILABLE, ONE CLAIM ISSUE SETTLED,  
WE BELIEVE WOULD BE A SERIOUS SETBACK IN OUR COMMERCIAL  
EFFORTS TO TAKE ADVANTAGE OF STRONG SYRIAN DESIRE TO BUY  
AMERICAN GOODS, SERVICES AND KNOWHOW.

7. ACTION REQUESTED: WOULD APPRECIATE DEPT AND EX-IM  
KEEPING US FULLY INFORMED OF CHRYSLER APPROACH TO EX-IM.  
WOULD ALSO LIKE TO HAVE ON FYI BASIS CONFIRMATION THAT  
EX-IM ATTITUDE IN CONSIDERING PROPOSALS FOR SYRIA DOES  
NOT REFLECT ANY BASIC "POLITICAL" OBJECTIONS. MURPHY UNQUOTE  
INGERSOLL

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
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**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 MAY 2003 by ElyME>; APPROVED <14 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SYRIA -- VEHICLE ASSEMBLY PLANT AND CHRYSLER NEED FOR EXPORT-IMPORT BANK ASSISTANCE  
**TAGS:** BEXP, BTIO, SY  
**To:** PARIS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006